

From: Ben Porter [bporter@porter-inc.com]  
Sent: Friday, August 28, 2009 5:32 PM  
To: Ryan, James (FTA)  
Subject: Re: additional questions regarding Honolulu HCT financial plan

No problem. I'll do it right after I finish the financial assessment report.

Ben

On Aug 28, 2009, at 2:20 PM, <James.Ryan@dot.gov> <James.Ryan@dot.gov> wrote:

> Ben:  
>  
> We're good for now -- looking forward to seeing your report next week.  
>  
> Here's a question that came up during our status meeting: given the  
> City's intention to request entry to final design in a few months (FTA  
> has reviewed an administrative draft of the FEIS and they've been  
> doing PE locally for much of the past year), can you flag anything  
> that's OK for PE entry but that may cause problems against the higher  
> standards for entry into final design? I haven't compared the two  
> sets of requirement in a long time and don't recall what higher  
> standards we have beyond the 50-percent commitment of funds needed for  
> a medium rating. So I'm not sure that you can do this casually as  
> part of the PE-entry review. Please let me know.

> Jim

> -----Original Message-----

> From: Ben Porter [mailto:bporter@porter-inc.com]  
> Sent: Friday, August 28, 2009 3:22 PM  
> To: Ryan, James (FTA)  
> Subject: Re: additional questions regarding Honolulu HCT financial  
> plan

> Yes, that is my guess, but there is one potential sticking point. I  
> think the main point of interpretation will be whether to assign a  
> Medium-Low or Low rating to the capital financial capacity/planning  
> assumptions subfactor. To get a Medium-Low rating, they would need to  
> access another \$535 million (10% of Project costs). I am assessing  
> this risk but haven't come to a conclusion. It is a potential  
> problem. Let me know if you need more information at this point and I  
> will tell you what I am considering.

> Ben

> On Aug 28, 2009, at 11:54 AM, <James.Ryan@dot.gov>  
> <James.Ryan@dot.gov> wrote:

>> Thanks, Ben. Are you still guessing that "medium, with concerns" is  
>> the likely rating outcome?

>>  
>> \_\_\_\_\_  
>>  
>> From: Ben Porter [mailto:bporter@porter-inc.com]  
>> Sent: Fri 8/28/2009 2:46 PM  
>> To: Ryan, James (FTA)  
>> Subject: Re: additional questions regarding Honolulu HCT financial  
>> plan

>> I think you've characterized it correctly, except that I still plan  
>> to submit a draft assessment on 9/1 (Tues.). If I get their  
>> responses by then, I'll incorporate them. If they come later, I'll  
>> modify the draft. Most probably, their responses will affect some of

>> the details presented in the assessment, but are not likely to affect  
>> the rating.  
>>  
>> best regards,  
>> Ben  
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>>  
>> On Aug 28, 2009, at 11:37 AM, <James.Ryan@dot.gov> wrote:  
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>>  
>> Ben:  
>>  
>> We have another status update this afternoon and I'm sure I'll  
> be  
>> asked about progress and completion of the financial review. I  
>> haven't seen a reply to the questions you posed to Toru; so you  
>> probably haven't either. I'm planning to say that the ball is in the  
>> City's court and that your completion of the review depends on when  
>> they get back to you and what they have to say. Do you have any  
>> revisions to that characterization?  
>>  
>> Thanks.  
>> Jim  
>>  
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>>  
>> From: Ben Porter [mailto:bporter@porter-inc.com]  
>> Sent: Wed 8/26/2009 4:15 PM  
>> To: Toru Hamayasu  
>> Cc: Mark Scheibe; Ryan, James (FTA); Donna McCoy, CPA  
>> Subject: additional questions regarding Honolulu HCT financial  
> plan  
>>  
>>  
>>  
>> Dear Mr. Hamayasu:  
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>> I appreciate the County's quick response to my questions that  
> were  
>> e-mailed on 8/18.  
>>  
>> I have a few additional questions, listed below, to which I  
> would  
>> appreciate your prompt attention.  
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>>  
>> 1. Regarding the HCT GET surcharge revenue forecast, the  
> financial  
>> plan text states that the current forecast is consistent with that of  
>> the Council on Revenues (COR). However, when I reviewed both the  
>> March forecast and August forecast of the COR, their year-to-year  
>> growth rates in state-level GET revenues are consistently lower than  
>> I calculate from the HCT GET surcharge forecast included in your  
>> August 2009 financial plan submittal. The table below shows a  
>> comparison of the most recent HCT and COR forecasts for fiscal years  
>> 2010-2015. From an examination of State and Honolulu County  
>> historical revenues, I find that the State and Honolulu GET revenues  
>> are highly correlated, so I would expect that the HCT GET revenue  
>> forecast would more closely match the COR forecast, if in fact they  
>> are consistent. Would you please explain how the HCT GET surcharge  
>> forecast is "consistent" with the COR forecast, and also why the  
>> annual growth rates are different?  
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>>  
>> 2. The plan states that Phase 1 of the Project will be 100% locally

>> funded. Please provide annual capital costs, net of financing, for  
>> Phase 1. Do you intend that Phase 1 not be part of the FFGA? If  
>> Phase 1 is part of the FFGA, then on what basis would Section 5309  
>> New Starts funds be applied to it?  
>>  
>> 3. Are the bonds to be issued for the Project general  
> obligation  
>> bonds or "self-supporting" bonds? If the latter, can you provide an  
>> example of similar bonds issued by Honolulu that did not require a  
>> debt service reserve or a minimum debt service coverage ratio for the  
>> issuance of additional bonds? Do you anticipate the HCT GET  
>> surcharge revenues to be pledged as a credit for the bonds?  
>>  
>> 4. The plan assumes \$500 million in short-term financing. What  
>  
>> kind of approval is required? How is this debt to be secured? If it  
>> is to be secured by the HCT GET surcharge, is it to be subordinate to  
>> the other debt to be issued for the Project?  
>>  
>> 5. The plan assumes that 33% of bus and HandiVan capital costs  
>  
>> will be funded from Section 5309 Bus grants. What is the basis for  
>> this assumption?  
>>  
>> 6. Please provide the annual revenue vehicle hours to be  
> operated  
>> on the fixed guideway system.  
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>>  
>> Thank you for your consideration. Please feel free to call me  
> if  
>> you have any questions.  
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>>  
>> best regards,  
>> Ben Porter  
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>>  
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>> mobile 206.349.4417  
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